

The following presentation contains information compiled as of January 25, 2017. Further, the information contained herein contains certain estimates and forecasts, which are subject to change in the future. The District makes no representations or warranties regarding the matters set forth in this presentation.

Harris County Municipal Utility District #264
Town Hall Meeting: January 2017

Serving the Residents of
Westcreek Village

AGENDA - TOWN HALL MEETING

- Introduction / MUD #264
- History / Responsibility / Structure
- Boundaries / Facilities of MUD #264 (Operations & Maintenance)
- Meetings / Regulatory Oversight / Open Government
- West Harris County Regional Water Authority (WHCRWA)
- Capital Projects (Current and Future)
- MUD Financial Overview
- Comparative / Historical Tax Rates
- Questions and Answers

MUD 264 HISTORY / RESPONSIBILITIES

- What is MUD - Municipal Utility Districts are political subdivisions of the State of Texas
- When & Why - MUD 264 was created in March of 1984, to develop infrastructure for Westcreek Village
- MUD 264 boundaries are almost identical to boundaries of Westcreek Subdivision
- Responsible for providing water and sewer service to Westcreek residents and adjacent businesses and schools (i.e. Langham Creek HS)

DISTRICT BOUNDARIES



WHO ARE THE DIRECTORS / CONSULTANTS

Board of Directors

- Russ Appelget, President
- Jose Nava, Vice President
- Donnice Hoffman, Secretary
- Chuck Brandman, Assistant Vice President
- Tom Winkler, Assistant Secretary

Consultants:

- Operator: Severn Trent (Teri Laguarda)
- Attorney: Allen Boone Humphries Robinson LLP \ ABHR (Rob Seale)
- Engineer: Jones & Carter (Stephen Swindell)

MUD 264 MAJOR FACILITIES

- **Water Treatment Plant** on Grand Terrace Ct. Includes: water well, two large water storage tanks, pumps and metering equipment, a generator, connections to WHCRWA water pipeline system
- **Off-Site** (additional) **Water Well** on Barker Cypress that is remote to the Water Plant
- Water Distribution infrastructure in Westcreek, including fire hydrants
- Wastewater pipeline infrastructure in Westcreek
- Wastewater **Lift Station** on Hudson Oaks Drive
- 1/3 Ownership interest in **Wastewater Treatment Plant** located in MUD 70
- Wastewater **Force Main** running from Lift Station to Wastewater Treatment Plant



MEETINGS

- The Board of Directors is responsible for conducting the business of MUD 264.
- All Business is conducted at Board Meetings in accordance with the Texas Open Meetings Act. Key provisions:
 - Approved Meeting Location
 - Agenda Posted
 - Strict Adherence to the Agenda
 - Directors not authorized to take action outside of a meeting
- Regular Meetings: 3rd Wednesday of each month
- Special Meetings: Called as needed. Required to follow all rules that apply to Regular meetings
- Activities at Regular Meetings
 - Receive Reports from consultants and Authorize action
 - Approve Expenditures

Basic MUD Regulatory Structure & Oversight

- MUDs are created under the authority of Article XVI, Section 59 of the Texas Constitution and operate pursuant to the provisions of Chapters 49 and 54 of the Texas Water Code
- Subject to the jurisdiction of the Texas Commission on Environmental Quality (TCEQ)
- MUD elections must be held in accordance with the Texas Water Code and Texas Election Code
- Public Funds Investment Act requirements \ Public Funds Collateral Act requirements
- City/County review and approval of MUD construction plans & specifications
- Public bidding and bond requirements for MUD construction contracts
- Requirements related to issuance of MUD bonds:
 - Initial authorization from MUD voters
 - TCEQ review and approval of MUD projects and bonds
 - TX Attorney General review and approval of MUD bonds
 - Federal securities law (both at issuance and while bonds outstanding)
 - Federal tax law (both at issuance and while bonds outstanding)

Selected Open Government Provisions Applicable to MUDs

- Open Meetings Act requirements
- Public Information Act requirements
- Requirements regarding management and preservation of district records
- Conflict of interest provisions for local government officers
- Disclosure requirement for certain relationships between local government officers and contractors/vendors
- Statutes prohibiting bribery and corrupt influence
- Requirement that district books and records be audited annually by a CPA and posted on TX Comptroller's website
- Property tax provisions, including Notice to Purchasers and annual Notice of Public Hearing on Tax Rate

West Harris County Regional Water Authority (WHCRWA)

- WHCRWA was created by State Legislature in 2001 to address the conversion to surface water in our area.
- Required to reduce subsidence resulting from the use of ground water.
- Reduction of ground water usage requirements determined by Harris Galveston Subsidence District and enacted by Texas Legislature in 1975
- Further information on WHCRWA available at <http://www.whcrwa.com/>

Significance of WHCRWA to MUD 264's operations and billing

- MUD 264 is connected to the WHCRWA pipeline system and we are required to purchase surface water from WHCRWA at their system-wide price, or pay WHCRWA a pumpage fee, even when we pump water from our own wells.
- WHCRWA controls the amount of surface water that MUD 264 must purchase each month.
- WHCRWA fees are passed-through to all of MUD 264's customers
- WHCRWA fees have been increasing and will continue to increase as they build out their pipeline system for surface water conversion.

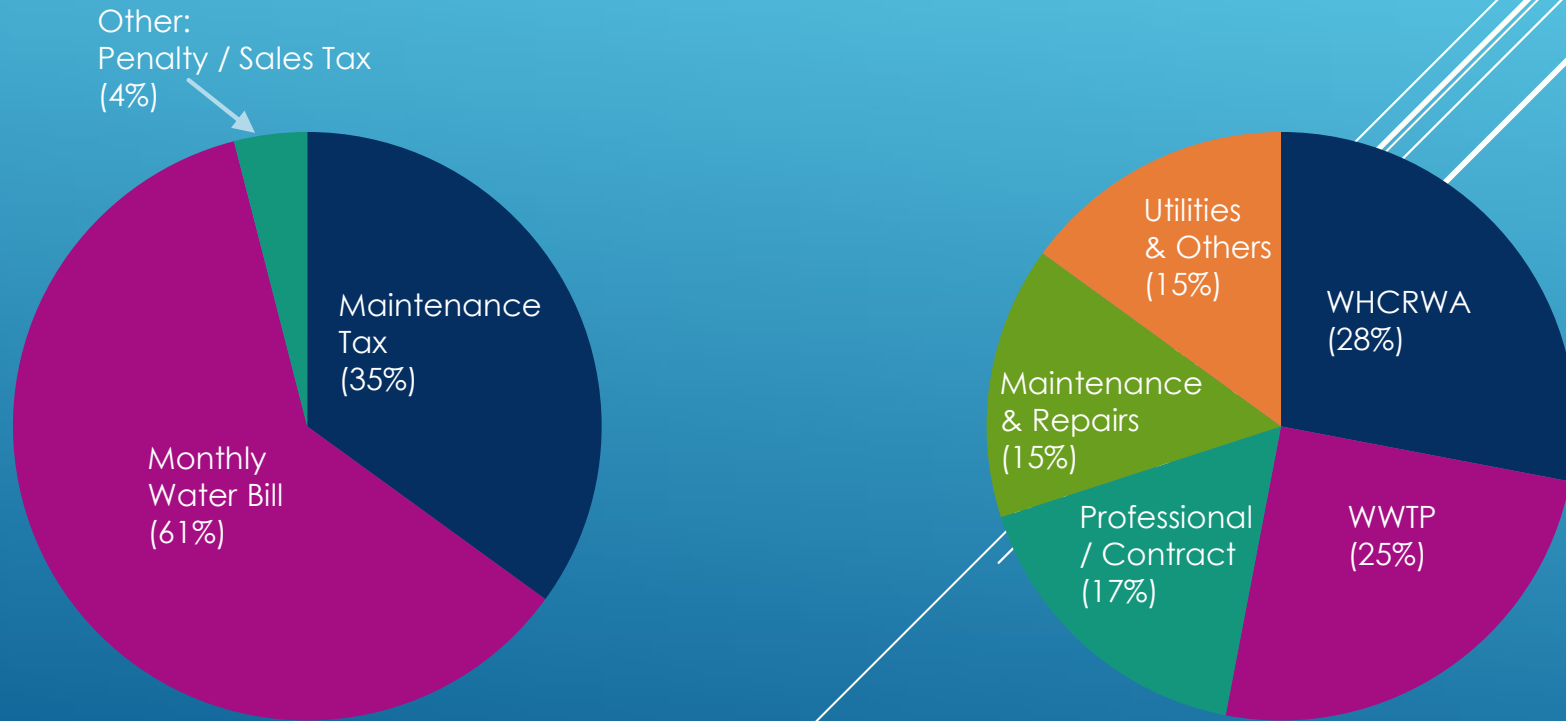
Capital Projects - Current

Project	Budget Cost	Estimated Completion
Wastewater Treatment Plant	\$39,832	completed
Assess Sanitary Sewer System	\$75,000	completed
Force Main Replacement	\$850,000	Nov. 2017
Ground Storage Tank #1 Replacement	\$899,750	June 2017
Electrical Switchgear Replacement	\$420,000	July 2017
Sanitary Sewer Rehabilitation	\$200,000	2019

Capital Projects – Anticipated Needs

	January, 2017 Report (12-Dec-2016)		
	2017 - 2021	2022 - 2026	2027 - 2031
Water Facilities	\$3,385,700	\$302,400	\$3,877,300
Wastewater Facilities	\$357,600	\$874,490	\$23,300
Wastewater Treatment	\$666,900	\$2,463,200	\$0
Sanitary Sewer	\$862,800	\$60,200	\$562,700
Total	\$5,273,000	\$3,700,290	\$4,463,300
Cumulative Total	\$5,273,000	\$8,973,290	\$13,436,590

MUD 264 Income / Expense



Tax Rates

MUD #264 Historical Rate

Tax Year	Tax Rate
2005-2008	\$0.68
2009	\$0.71
2010	\$0.76
2011	\$0.70
2012	\$0.26
2013	\$0.25
2014	\$0.25
2015	\$0.36
2016	\$0.35

Comparative Tax Rates

Area MUD	Subdivision	2016 Tax Rate
HC MUD 70	Westgate	\$0.70
Langham Creek UD	Sheffield	\$0.63
HC MUD 144	Autumn Run	\$0.60
HC MUD 173	Copper Lakes	\$0.54
HC MUD 208	Southcreek	\$0.42
HC MUD 264	Westcreek	\$0.35
City of Houston		\$0.59

SUMMARY

- HC MUD 264 is a Governmental entity and is required to follow Laws and Regulations of the State of Texas, Texas Commission on Environmental Quality, and Others
- MUD 264 is managed by a Board of Directors, all of whom are resident owners of Westcreek Village
- Water and Wastewater facilities operated and maintained by MUD 264 are more than 30 years old, at the end of their useful life, and in need of rehabilitation.
- MUD 264 Directors, working with consultants, have developed a multi-year plan for rehabilitation of District facilities.
- Paying for this will require either authorization for additional bonds, increases in user water rates, or both.

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Questions & Answers

WWW.HCMUD264.ORG